



**Investment Office**

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May 15, 2006

**AGENDA ITEM 7a**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Executive Search Pool Budget Augmentation
- II. PROGRAM:** CalPERS Total Fund
- III. RECOMMENDATION:** Approve a \$350,000 Augmentation to the Executive Search Pool contract amount to fund additional Investment Office Executive Searches
- IV. ANALYSIS:**

In February 2005, CalPERS established a pool of executive search consultants to assist in recruiting qualified candidates for CalPERS' investment management positions. The pool was established with an annual contract amount of \$300,000 which was estimated to meet the Investment Office's recruitment needs.

During the 2005-06 Fiscal Year, the Investment Office experienced a higher than average number of recruitments. During this fiscal year, the Investment Office used executive search pool members to recruit for nine (9) vacancies, including the Chief Investment Officer. The original methodology for estimating the annual contract amount was based on historical Investment Office management recruitments. The cost of these executive searches in the 2005-06 Fiscal Year is anticipated to exceed the contract amount by \$350,000.

**Recommendation**

Staff recommends approval for augmentation of the executive search pool contract amount in the 2005-06 Fiscal Year by \$350,000 to fund our on-going executive search contract costs. This request is a one-time contract augmentation for the executive search pool.

**V. STRATEGIC PLAN:**

Under Goal II of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. Under Goal IV, CalPERS is dedicated to effectively utilizing its resources, including a diverse, creative and motivated workforce. This can be accomplished at the investment management levels through the establishment of methods that provide broad flexibility in the recruitment and retention of key investment management personnel.

**VI. RESULTS/COSTS:**

The Executive Search Pool contract amount in the 2005-06 Fiscal Year is \$300,000. The revised annual contract amount for the Executive Search Pool would be \$650,000 if Board approval is received.

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Matt Flynn  
Interim Division Chief

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Chris O'Brien, Chief  
Human Resources Division

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Anne Stausboll  
Interim Chief Investment Officer